

FISCAL IMPACT ANALYSIS

COMMONWEALTH OF VIRGINIA COMMISSION ON LOCAL GOVERNMENT

Purpose of the Fiscal Impact Analysis Process

Fiscal impact statements give local governments a tool for notifying legislators of the likely costs of proposed new state mandates before the bills become law.

During the legislative session, the Commission on Local Government (CLG) is required to file with the General Assembly a fiscal impact statement for each bill identified by the Division of Legislative Services as likely to impose on one or more local governments either a net additional expenditure, a net reduction of revenues, or both. (Code of Virginia §30-19.03 - 19.03:1.1) These fiscal impact statements, or fiscal notes, summarize the prospective effect of the bills on localities, based on the analyses of local officials from a representative cross-section of approximately fifty localities throughout the Commonwealth. The purpose of the fiscal impact analysis process is to ensure that legislators considering proposed new state mandates understand the costs that the bills would impose on localities before such legislation is enacted.

Procedures

FOR MORE INFORMATION:

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Prior to the legislative session, the CLG establishes a network of volunteer local fiscal contacts with the help of the Virginia Municipal League (VML) and the Virginia Association of Counties (VACO). Because bills subject to analysis must be introduced on the first day of the session, the CLG receives notification of the bills to be examined as soon as the session commences and, after establishing priorities for the analysis with representatives of the VML and VACO, alerts network participants to begin their inquiries. Of the 30 to 50 bills referred to the CLG per year, participating local officials generally receive approximately 25 with the highest priority for analysis. CLG staff relies on information provided by network participants, supplemented by information from state agency representatives and independent research, to complete fiscal impact statements for all the bills referred. The CLG endeavors to file fiscal impact statements before the respective legislative committees take action on the bills, but in those cases where bills are amended, CLG staff base the fiscal impact statements on the amended versions of the bills and submit them before the General Assembly takes final action.

Communications with Members of the Fiscal Impact Network

The CLG's goal is to make participation in the response network as convenient as possible for local fiscal contacts. Most communications take place by e-mail and via the CLG's Internet website. Members of the network can also maintain contact with CLG staff by telephone, U.S. mail, and FAX. Once completed and filed with the General Assembly, local fiscal impact statements are posted on the Legislative Information System's Internet website. Section 2.2-2507B of the Code of Virginia provides a means by which local officials may request the Virginia Advisory Commission on Intergovernmental Relations to conduct a review of any local fiscal impact statement filed with the General Assembly.